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Mayor Mark Jamieson
Sunshine Coast Regional Council
Email: mail@sunshinecoast.qld.gov.au

Dear Mayor Jamieson

Subject: Sunshine Coast Regional Council Budget 2017/18 – clarification questions

Thank you for your correspondence of 25 September 2017 in response to our written queries of 13 September regarding the SCRC Budget 2017/18.

SC Airport and the Palisade deal

We thank you for clarifying some issues and our understanding of the Budget. However, we are disappointed that you did not respond to our items raised in points 4, 5, 6 and 7 of our letter of 13 September. It would be appreciated if you could address these questions which continue to be of concern to our members.

Regarding points 1 and 2, we note your reply that the land owned by SCRC on which the SCA is operated is excluded from the sale of the airport business and its assets. Can you please clarify why then has the balance of the value of the airport been written down to zero following the Palisade deal resulting in a loss of \$31.743m as shown in the budget in 2017/8? Surely the land is currently included in the valuation of the SCA.

Regarding points 3 and 4, you state that the 5% annual royalty needs to be included in the evaluation of the arrangement which is understandable. However, according to point 6 of your reply, the airport returned an operating result of \$4.8m in 2016. This revenue will be lost to the ratepayers every year for 99 years, partially offset by the royalty payments and future investments needed for the business.

The royalty payments cannot be included twice. If part of the airport valuation, then ratepayers are losing on the annual income currently generated. If being offset against the annual returns currently received, then the sale price has generated a loss to ratepayers. Please provide clarification as you have consistently stated this deal will not “cost” ratepayers.

Regarding points 8 and 9, when will SCRC make public the details of the Palisade lease agreement?

Solar Farm

We note the electricity performance being achieved, however, will the Council be providing financial performance result from the solar farm against the business case on a regular basis?

SunCentral

We are well aware of approval processes in respect to this project. Our question, in the interests of transparency and good governance, is how often will Council prepare and make public the financial results for SunCentral Maroochy Pty Ltd, a wholly owned subsidiary of SCRC and therefore ratepayers?

Yours sincerely

Greg Smith
President